



NATURAL RESOURCE BASED ENTERPRISES IN MALAWI: ACTION PLANS

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Community
Partnerships for
Sustainable
Resource
Management in
Malawi

Natural Resource Based Enterprises in Malawi: Action Plans Developed at a Forum in Liwonde, June 18th and 19th 2001

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Acronyms

ADMARC	Agricultural Development and Marketing Corporation
COMPASS	Community Based Natural Resource Management
CURE	Coordination Unit for the Rehabilitation of the Environment
DAI	Development Alternatives, Incorporated
DFO	District Forestry Officer
DNPW	Department of National Parks and Wildlife
EDETA	Enterprise Development and Training Agency
FRIM	Forestry Research Institute of Malawi
ICRAF	International Center for Research on Agroforestry
MIPA	Malawi Investment Promotion Agency
NGO	Non-governmental Organization
NRBE	Natural Resource Based Enterprise
NRM	Natural Resource Management
SHOGA	Shire Highlands Organic Growers' Association
SWOT	Strengths, Weaknesses, Opportunities, Threats
TEVET	Technical Entrepreneurial, Vocational Educational Training
USAID	United States Agency for International Development
VFA	Village Forest Area
WSM	Wildlife Society of Malawi

Introduction

In late 2000, at the request of the Wildlife Society of Malawi, COMPASS commissioned a study of the opportunities for creating and building natural resource based enterprises (NRBE) in Malawi. The outcome of this work is presented in COMPASS Document 29 – Natural Resource Based Enterprises in Malawi, which was prepared by Janet Lowore. The study examined opportunities in all nine COMPASS focal Districts but emphasized Machinga District in an effort to provide one in-depth analysis of the strengths, weaknesses, opportunities and threats relating to NRBE development.

Following completion of the study, COMPASS organized a forum of key interested parties on June 18th and 19th 2001 at the Sun Village Motel in Liwonde. This document is the outcome of the forum. The objectives of the forum were to establish time-bound action plans for developing NRBEs in the four most promising sectors identified by Ms. Lowore's study: honey and other bee products, wild mushrooms, fruit products and curios.

Having prepared these actions plans, it is now incumbent on all the parties that agreed to play a role in implementing these recommendations to move ahead. We recognize that in some cases organizations present at the forum were not represented by senior decision-makers and in other cases organizations identified to undertake specific tasks were not represented at all. Nevertheless, we believe that the parties to the forum will now take the proposed action plans to their own organizations and their partners with a strong recommendation for implementation. For its part, COMPASS will work with key partners to facilitate and support undertaking the specific actions.

What is a Natural Product?¹

Rather than provide a water tight definition it is more useful to describe the types of products this term is intended to cover. There are a number of “guiding” criteria none of which are limiting, these are:

- resources occurring in the “wild” or in the “bush”
- resources which are indigenous.

Semi-managed, semi-indigenous or naturalized resources may still, however, be included.

Does not include: Agricultural products such as maize and pumpkins, minerals and banned natural resources such as leopard skins and ivory.

In between: On-farm fruit trees such as mango and *Ziziphus mauritiana* (masau). Mango in particular is managed and not wild at all. Banana leaves, sisal and *Azadirachta indica* (neem) could fall into this category.

Does include: Indigenous species, particularly those that occur in bush or forest. Fine timber hardwood species tend not to receive focus because there is no marketing and development problem – but there is no reason (*in theory*) why they cannot be included into a management system where they occur in good numbers.

In reality the farmers and the rural people do not distinguish between wild or on-farm if it comes to carving a livelihood out of their surroundings. The markets can be equally non-specific, herbal teas are often considered natural products and yet the plant may be intensively farmed. Indeed if certain resources prove to have a strong commercial value it makes sense to manage it more intensively (even cultivate) to make sure supply is maintained.

On the whole we are referring to those resources which have been over-looked but which occur naturally and abundantly and are accessible by the rural poor (again fine timber trees tend to be “accessed” by rich outsiders and not the rural poor).

What is a Natural Resource Based Enterprise?

Once again an all-encompassing definition is not sought but in the context of this document a Natural Resource Based Enterprise (NRBE) is a commercial business activity based on the sustainable harvesting, processing and marketing of a natural resource. In this case the main defining characteristics to make a NRBE interesting are:

- the ability to add value through processing or better marketing
- a link between the enterprise and an incentive for improved management of the resource base
- the resource in question is widely available to the rural poor

¹ This section is taken from COMPASS Document 29 – Natural Resource Based Enterprises in Malawi

Forum Proceedings and Recommended Action Plans

The following slides summarize the deliberations of the small groups on each of the four products. The initial discussions took the form of a simplified SWOT analysis (examining the strengths, weaknesses, opportunities and threats in each product sector). Following presentation and discussion of these in a plenary session of the forum, each group then focussed their recommendations for action planning on identifying ways of overcoming specific constraints (the weaknesses) that in turn would enable potential businesses realize the opportunities by building on the existing strengths.

Bee Products

Strengths

- 1** Investments are not large and overheads are low: skills are readily acquired
- 1** Small amount of time (labor) needed
- 1** Environmentally friendly; gender friendly
- 1** Productive (remunerative)
- 1** Multi-purpose products (diversification)

Weaknesses

- 1** Transport costs can be high
- 1** Lack of business linkages (no trade association)
- 1** Poor marketing structures

Opportunities

- 1** Many underutilized areas (Reserves & VFAs): bee keeping in reserves and buffer zones
- 1** International trade from the region exists
- 1** Strong local demand
- 1** International demand is high for “natural” and “community-based” products
- 1** Other viable bee products: wax and medicines
- 1** Indigenous knowledge is available (useful)

Threats

- 1** Vandalism and deforestation
- 1** Competition from other products (jams etc.)
- 1** Reliance on transport infrastructure
- 1** Land availability and possible changes in natural resource policy (?)
- 1** Constraining trade regulations and international (and local) standards
- 1** Demand fluctuations

Wild Mushrooms

Strengths

- 1** Resource widely available
- 1** Low economic cost (harvesting)
- 1** Knowledge is already well developed
- 1** Markets are good (local selling)
- 1** Minimal transport costs in many cases

Weaknesses

- 1** Seasonal Production
- 1** No quality control
- 1** Difficult access to some production areas
- 1** Lack of information for promotion
- 1** Lack of storage facilities
- 1** Lack of investment for processing, marketing
- 1** No guidelines or implementation framework for promoting NRBEs

Opportunities

- 1** Market growth (local and international)
- 1** Environmentally friendly product is more marketable

Threats

- 1** Poisoning would reduce consumer confidence
- 1** Deforestation
- 1** Drought

Fruit Products

Strengths

- 1** Raw material cheap and widely available all year around throughout the country
- 1** Organic product
- 1** Healthy product (high in vitamins)

Weaknesses

- 1** Processing technology is weak (also storage and packaging)
- 1** Specific fruits are highly seasonal
- 1** Market is not well established for local dried fruits (Lack of consumer confidence? Or lack of production and marketing?)
- 1** Hygiene is poor (limits marketability for export)

Opportunities

- 1** High production potential
- 1** Export market for dried fruit is a good possibility but not for fruit juices
- 1** Basic knowledge is available on harvesting and processing
- 1** Public awareness raising and marketing opportunities hold enormous potential (?)

Threats

- 1** Deforestation
- 1** New product (market access is difficult)
- 1** Quality assurance and standards are poor
- 1** Copy-cat production of successful product (market saturation)
- 1** Low shelf life
- 1** Policy framework is weak and risks are high

Curios

Strengths

- 1** Local and external market are developed
- 1** Basic skills are present
- 1** Raw materials are available and are of high quality and value
- 1** Cultural values are high
- 1** Competitive prices in comparison to other producers

Weaknesses

- 1** Market is not fully exploited (?)
- 1** Lack of market intelligence (?)
- 1** Wastage
- 1** Bulky and heavily products (high transport costs)
- 1** Limited creativity
- 1** Poor institutional support
- 1** Limited benefits to producers
- 1** Low prices do not encourage improvement in quality and standards

Opportunities

- 1** Export market is strong
- 1** Enabling policies and strong donor support
- 1** Local skill transfer is possible (better quality)
- 1** Renewable resource if managed properly

Threats

- 1** Loss of the resources (high value timber) and loss of genetic resources
- 1** Poverty encourages exploitation (low prices)
- 1** Lack of controls and certification limits marketability (or value?) of the products

Summary

Strengths

- 1** Production potentials are high
- 1** Development costs are low
- 1** Basic skills and knowledge are good
- 1** Local demand is high and export potential is good

Weaknesses

- 1** Low prices (in many cases)
- 1** Lack of enterprise development support
- 1** High costs (and risks) in expanding the markets
- 1** Seasonal production in many cases
- 1** Lack of quality assurance (standards)
- 1** Poor processing and packaging techniques

Opportunities

- 1** Local and export demand is high and is growing (natural products, tourism)
- 1** Regional and international market linkages already exist (but not for Malawi)
- 1** Local skills and indigenous knowledge are good (awareness is high)

Threats

- 1** Absence of any regulatory framework or guidelines creates uncertainty for investment
- 1** Deforestation threatens to erode the resource base - controls on production are very weak
- 1** Local and regional competition is likely to grow: what is Malawi's competitive edge?
- 1** Quality assurance/control is weak and costly
- 1** Access to local markets may encounter resistance (new products, high costs)
- 1** Reliance on productivity of natural systems

Table 1: Bee Products Action Plan

ACTION	BY WHOM	WHEN	OUTCOME
1: Form an Association run as a business: conduct a survey and create a producers' and market database; membership payment to Association; Association maintains standards, provides training and provides equipment; Association also collects honey and deals with buyers etc.	Need to find a donor; business advisors and technical advisors. Infrastructure support will also be essential	Start immediately but process will take at least two years	Happy beekeepers making healthy profits. Sustainable use of resources and sustainable profits

Table 2: Wild Mushroom Action Plan

ACTION	BY WHOM	BY WHEN	OUTCOME
1: Examine canning and drying opportunities, and also potential for cultivation	DFO and collectors for drying; Nali, ADMARC and Tambala for canning and bottling; FRIM and Bvumbe for cultivation	By end April 2002; cultivation October 2001	Mushrooms available off-season; cultivation would make fresh mushrooms available all year
2: Training in quality control	FRIM, Standards and NGOs	By November 2001	High quality produce and increased sales and prices
3: Prepare information on processing etc.	Greenline, FRIM, MIPA, Magomero	October 2001	Information generated and reduced poisoning and increased sales
4: Stimulate investment	COMPASS, MIPA, Greenline	March 2002	More investors
5: Develop guidelines	Forestry, DNPW, and qualified NGOs	August 2002	Implementation strategy
6: Training in financial management	COMPASS, Rural Finance, Greenline, EDETA	November 2001	Proper financial management

Table 3: Fruit Product Action Plan

ACTION	BY WHOM	BY WHEN	OUTCOME
1: Inform people using radio and other media and samples	Min. Commerce, Min. Gender, Min. Education, WSM	Up to the end of 2002	90% of the population aware of preserving and processing
2: Provision of training through extension	Magomero, Makoka (ICRAF), Bunda College and other NGOs	December 2002	2000 extension manuals distributed; at least 80 extension workers trained
3: Market research through samples	Producers and relevant service providers	December 2003	Demand for certain products identified

Table 4: Curio Action Plan

ACTION	BY WHOM	BY WHEN	OUTCOME
1: Conduct market surveys	MIPA, WSM, Malawi Export Promotion Council	By December 2001 (is this reasonable?)	Markets identified
2: Training in new designs and improved skills	Forestry Department, TEVET, Mua Mission, University of Malawi	By March 2002	Efficient use of raw materials and greater creativity
3: Promote use of alternative species	Forestry Department	By December 2001	Reduced shipping costs
4: Create an Association (a legally constituted organization) to act on behalf of groups of curio makers	Forestry Department, Greenline, Greenwigs	By December 2001	Reduced costs and greater power to act collectively
5: Market curios through MIPA	MIPA and producers	As soon as possible	Improved quality

Constraints

- 1** Cost of capital for start-ups
- 1** Lack of enterprise development support
- 1** Limited empowerment of communities to use natural resources (tenure and collateral)
- 1** Certification of products provides market edge but costs can be prohibitive
- 1** Lack of motivation and interest (or awareness) on the part of community groups to tackle new and “risky” ventures

Annex 1: Forum Program

Monday, June 18th 2001

9:00 – 9:15	Welcoming Remarks
9:15 – 9:30	Introductions
9:30 – 10:30	Overview of COMPASS and the findings of the NRBE study
10:30 – 11:00	Break
11:00 – 12:00	Discussion of Forum objectives and approach
12:00 – 1:15	Lunch
1:15 – 3:15	Small Group work on specific products using SWOT approach
3:15 – 3:45	Break
3:45 – 5:30	Presentations by each of the Small Groups followed by discussions of the findings
5:30	Close

Tuesday, June 19th 2001

8:00 – 8:30	Review of previous day's discussions
8:30 – 12:00	Site visit(s) in the Liwonde area to view and discuss various NRBEs
12:00 – 1:15	Lunch
1:15 – 3:15	Small Group work on developing practical Action Plans and forming strategic alliances or ventures to promote and launch NRBEs
3:15 – 3:45	Break
3:45 – 4:45	Small Group presentations and discussion of the proposed Action Plans
4:45 – 5:00	Summary of Forum recommendations and next steps
5:00	Close

Annex 2: Forum Participants

FORUM ON NATURAL RESOURCE BASED ENTERPRISES IN MALAWI SUN VILLAGE HOTEL ON JUNE 18TH AND 19TH 2001

NAME	ORGANIZATION	DESIGNATION	MAILING ADDRESS	TELEPHONE/FAX
1. A Schomburg	Magomero College/ICRAF	Food Processing Advisor	P/Bag 3, Namadzi	534 222; 534 283
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3. T Senganimalunje	Forestry Department	Ass. Regional Forestry Officer	P O Box 65, Lilongwe	756 241
4. Scot S Kanyanda	Forestry Department	District Forestry Officer	P O Box 399, Zomba	525 251
5. David Chitedze	Greenline	Director	P O Box 16, Machinga	549 203
6. William Chadza	Wildlife Society	Head NRM Programme	Private Bag 578, Limbe	643 502; 643 765
7. Shelix Munthali	Tambala Foods	Production Manager	Private Bag 320, Chichiri, Blantyre 3	671 966; 671 385
8. Gerald Meke	FRIM	Senior Scientist	P O Box 270, Zomba	524 866; 917 347
9. Tadeo Shaba	CURE	Executive Director	P O Box 2916, Blantyre	647 757; 843 555
10. A Sukasuka	MIPA	Manager - Promotion	P Bag 302, Lilongwe 3	770 800
11. A Chimzinga	Liwonde Park	Co-ordinator	P O Box 41, Liwonde	
12. Sylvia Kacal	Institutional Support	Project Assistant	P O Box 258, Blantyre	675 261; 675 365
13. G T M Pemba	District Assembly	Director of Administration	Private Bag 1 Machinga	549 242
14. A Schwarz	SHOGA	Chairman	P O Box 930, Blantyre	671 355; 671 427
15. V F Kanyemba	Forestry	DFO	P O Box 1 Machinga	549 216
16. S Bartram	Kadale Consultants	Volunteer	P O Box 2455, Blantyre	873 055
17. R M Jiah	Parks & Wildlife	Assistant Director	P O Box 30131	757 584

18. Hastings Maloya	Lake Chilwa Wetland and Catchment Management Project	Community Liaison Officer	P O Box 249, Zomba	524 931; 525 913 chilwawetland@malawi.net
19. Emanuel Mlaka	EDETA	Executive Director	P O Box 2683, Blantyre	675 882
20. Andrew Watson	Compass Project	COMPASS	Private Bag 263, Blantyre	622 800
21. Anax Umphawi	Compass Project	COMPASS	Private Bag 263, Blantyre	622 800
22. Liz Ndhlovu	Compass Project	COMPASS	Private Bag 263, Blantyre	622 800

COMPASS Publications

Document Number	Title	Author(s)	Date
Document 1	COMPASS Year 1 Work Plan	COMPASS	Jul-99
Document 2	COMPASS Small Grants Management Manual	Umphawi, A., Clausen, R., Watson, A.	Sep-99
Document 3	Year 2 Annual Work Plan	COMPASS	Dec-99
Document 4	July 1 - September 30, 1999: Quarterly Report	COMPASS	Oct-99
Document 5	Training Needs Assessment: Responsive Modules & Training Approach	Mwakanema, G.	Nov-99
Document 6	Guidelines and Tools for Community-Based Monitoring	Svendsen, D.	Nov-99
Document 7	Policy Framework for CBNRM in Malawi: A Review of Laws, Policies and Practices	Trick, P.	Dec-99
Document 8	Performance Monitoring for COMPASS and for CBNRM in Malawi	Zador, M.	Feb-00
Document 9	October 1 - December 31, 1999: Quarterly Report	COMPASS	Jan-00
Document 10	Workshop on Principles and Approaches for CBNRM in Malawi: An assessment of needs for effective implementation of CBNRM	Watson, A.	Mar-00
Document 11	January 1 - March 31, 2000: Quarterly Report	COMPASS	Apr-00
Document 12	Thandizo la Ndalama za Kasamalidwe ka Zachilengedwe (Small Grants Manual in Chichewa)	Mphaka, P.	Apr-00
Document 13	Njira Zomwe Gulu Lingatsate Powunikira Limodzi Momwe Ntchito Ikuyendera (Guidelines and Tools for Community-based Monitoring in Chichewa)	Svendsen, D. - Translated by Mphaka, P. and Umphawi, A.	May-00
Document 14	Grass-roots Advocacy for Policy Reform: The Institutional Mechanisms, Sectoral Issues and Key Agenda Items	Lowore, J. and Wilson, J.	Jun-00
Document 15	A Strategic Framework for CBNRM Media Campaigns in Malawi	Sneed, T.	Jul-00
Document 16	Training Activities for Community-based Monitoring	Svendsen, D.	Jul-00
Document 17	April 1 - June 30, 2000: Quarterly Report	COMPASS	Jul-00
Document 18	Crocodile and Hippopotamus Management in the Lower Shire	Kalowekamo, F.	Sep-00

Document 19	Cost-Sharing Principles and Guidelines for CBNRM Activities	Moyo, N.	Sep-00
Document 20	Workplan: 2001	COMPASS	Nov-00
Document 21	July 1 - September 30, 2000: Quarterly Report	COMPASS	Oct-00
Document 22	Opportunities for Sustainable Financing of CBNRM in Malawi: A Discussion	Watson, A.	Nov-00
Document 23	Framework for Strategic Planning for CBNRM in Malawi	Simons, G.	Nov-00
Document 24	Kabuku Kakwandula Ndongomeko ya Thumba Lapadera la Wupu wa COMPASS (ChiTumbuka version of the COMPASS Small-grant Manual)	Umphawi, A., Clausen, R. & Watson, A. Translated by Chirwa, T.H. & Kapila, M.	Dec-00
Document 25	COMPASS Performance and Impact: 1999/2000	COMPASS	Nov-00
Document 26	October 1 - December 31, 2000: Quarterly Report	COMPASS	Jan-01
Document 27	COMPASS Grantee Performance Report	Umphawi, A.	Mar-01
Document 28	January 1 – March 31, 2001: Quarterly Report	COMPASS	Apr-01
Document 29	Natural Resource Based Enterprises in Malawi	Lowore, J.	Apr-01
Document 30	Proceedings of the First National Conference on CBNRM in Malawi	Kapila, M., Shaba, T., Chadza, W., Yassin, B. and Mikuwa, M.	May-01
Internal Report 1	Building GIS Capabilities for the COMPASS Information System	Craven, D.	Nov-99
Internal Report 2	Reference Catalogue (2nd Edition)	COMPASS	Feb-01
Internal Report 3	Workshop on Strategic Planning for the Wildlife Society of Malawi	Quinlan, K.	Apr-00
Internal Report 4	Directory of CBNRM Organizations (2nd Edition)	COMPASS	Jan-01
Internal Report 5	Proceedings of Water Hyacinth Workshop for Mthunzi wa Malawi	Kapila, M. (editor)	Jun-00
Internal Report 6	COMPASS Grantee Performance Report	Umphawi, A.	Jun-00
Internal Report 7	Examples of CBNRM Best-Practices in Malawi	Moyo, N. and Epulani, F.	Jul-00
Internal Report 8	Software Application Training for COMPASS	Di Lorenzo, N.A.	Sep-00
Internal Report 9	Directory of COMPASS ListServ Members	Watson, A.	Jan-01
Internal Report 10	Introductory Training in Applications of Geographic Information Systems and Remote Sensing	Kapila, M.	Feb-01
Internal Report 11	COMPASS TAMIS Grants Manual	Exo, S.	Mar-01